

Property Taxes in North Carolina

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UNC
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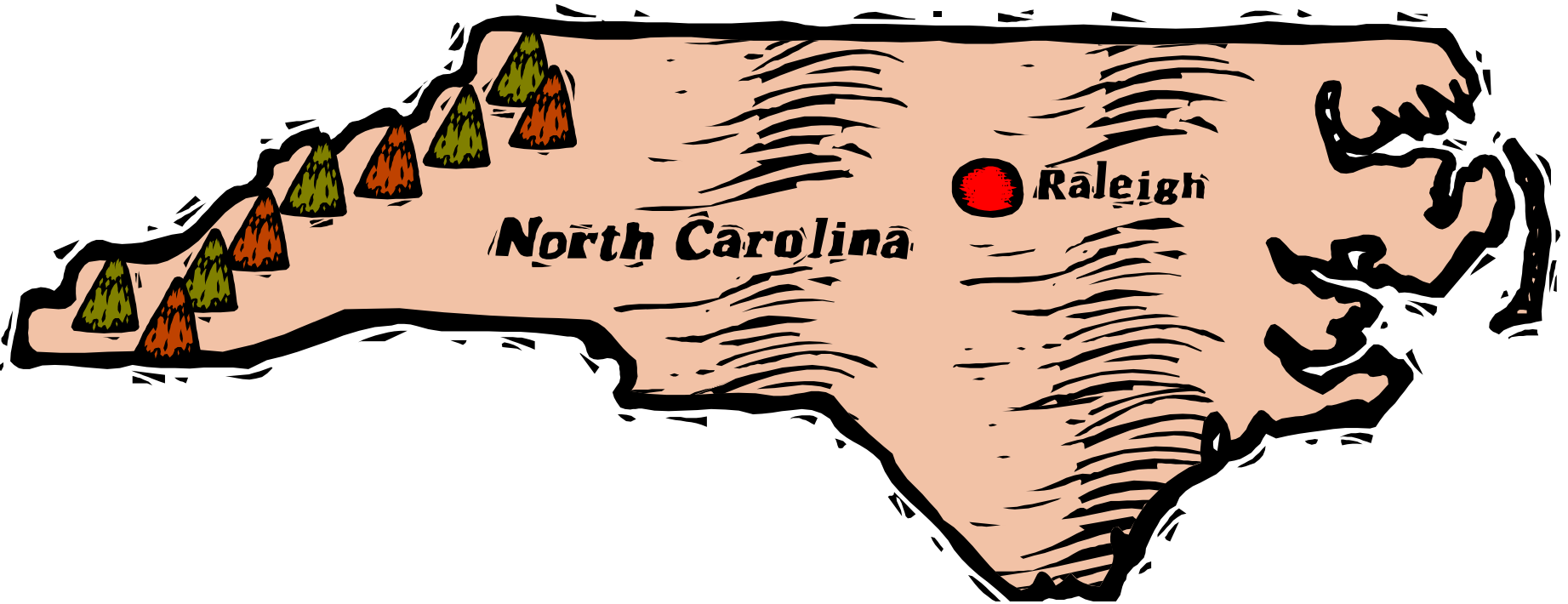
[**www.sog.unc.edu**](http://www.sog.unc.edu)

\$7.8 BILLION



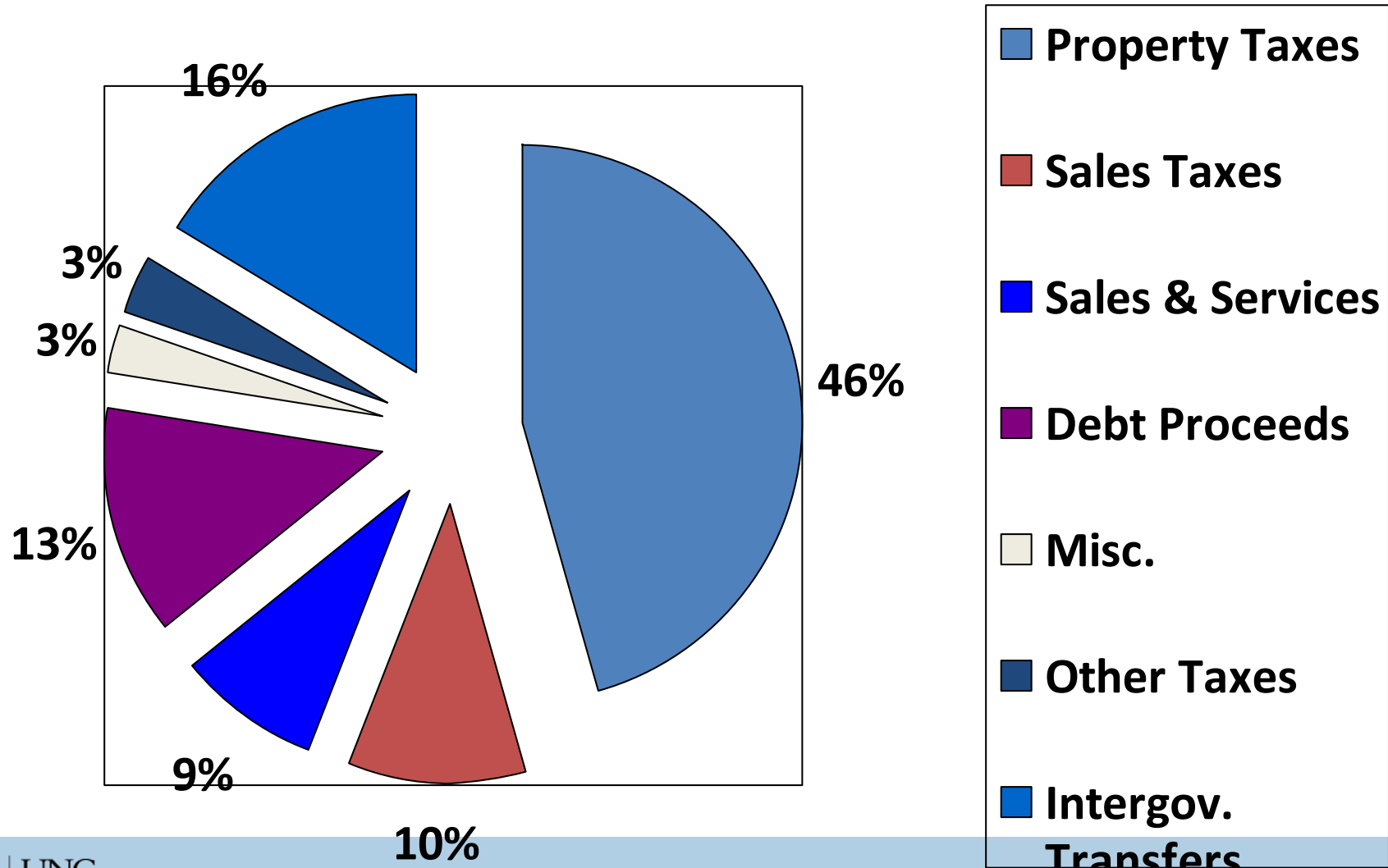
\$800

FOR EVERY NORTH CAROLINIAN



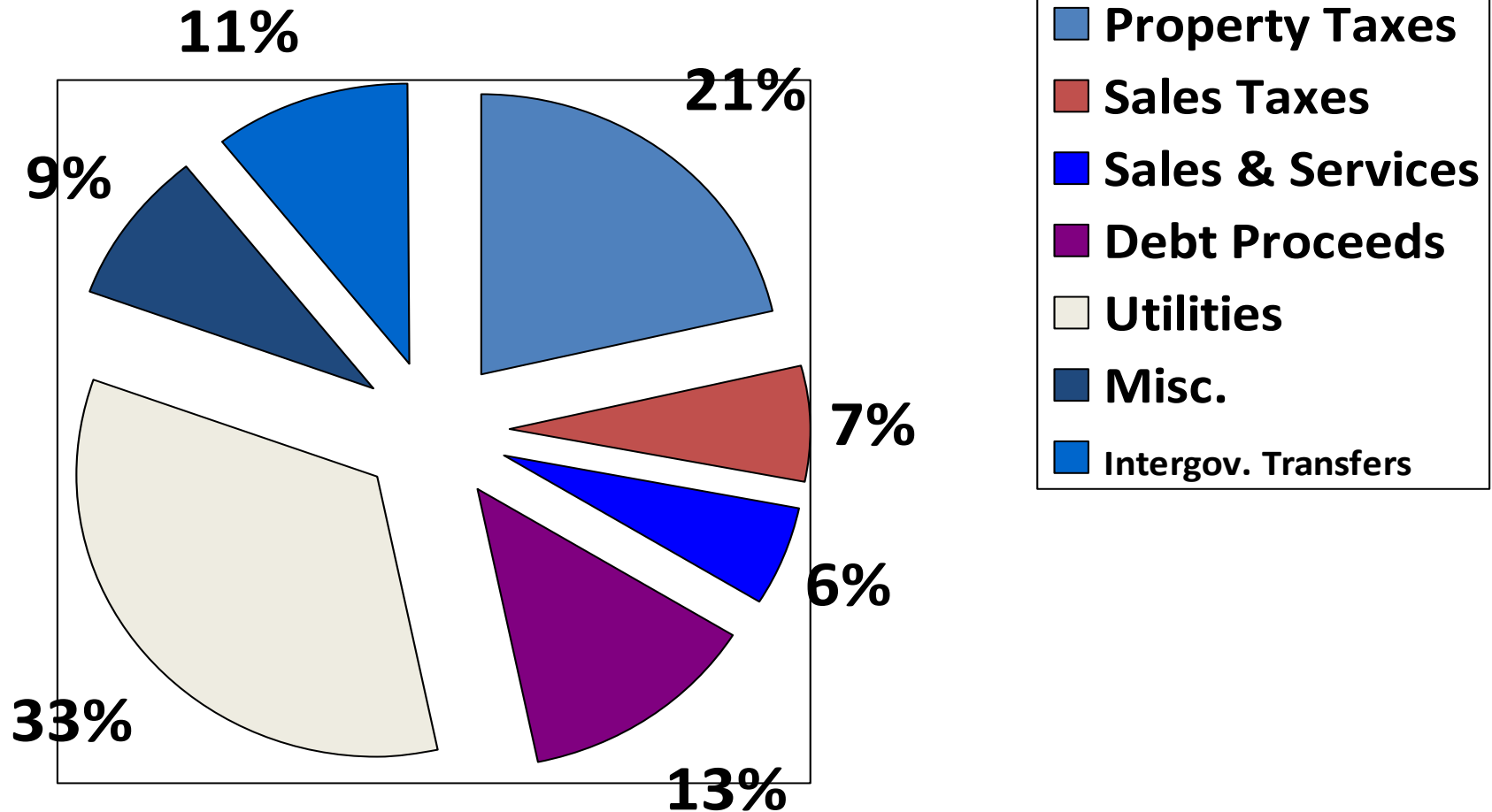
2009-10 County Revenues

(\$12.7 Billion total)

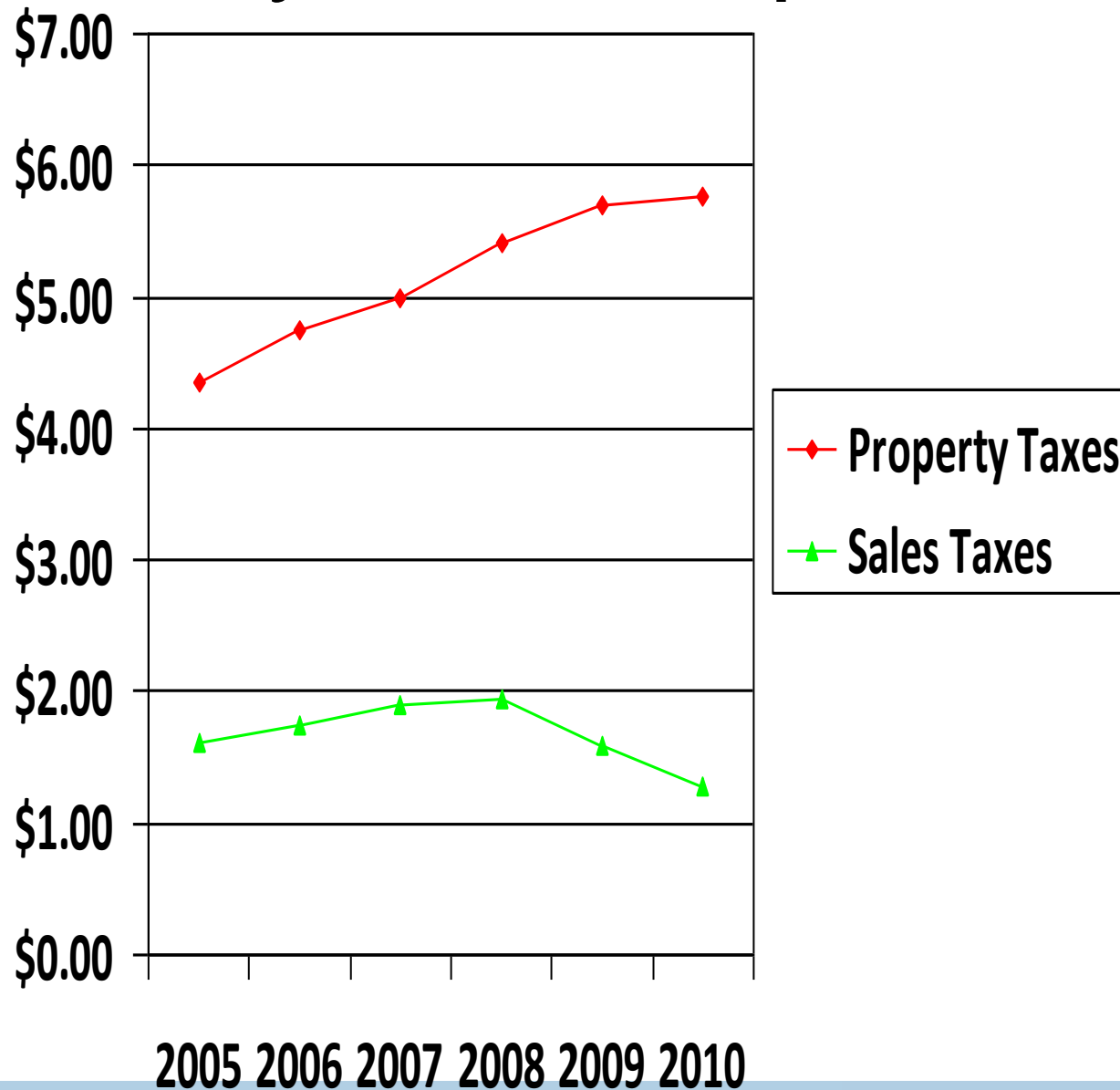


2009-10 Municipal Revenues

(\$10.3 Billion total)



County Tax Comparison



Flat Property Tax Revenues?

- Average sale price for existing NC homes:
 - 2004: \$193,000
 - 2007: \$223,000
 - 2011: \$194,000 (through May)

CAST OF CHARACTERS

- **Assessor**
 - List: *What? Where? Who?*
 - Determine Taxability (*Exemptions/Exclusions*)
 - Appraise
- **County Commissioners / City Council**
 - Set tax rate
- **Collector**
 - Send bills
 - Enforced collections
- **NC Dept. of Revenue**
 - Enforce Machinery Act
 - Appraise/apportion public service company property

N.C. Constitution

- **Art. V, Sec. 2. State and local taxation.**
- (2) Classification. Only the General Assembly shall have the power to classify property for taxation, which power shall be exercised only on a **State-wide basis** and shall not be delegated. No class of property shall be taxed except by **uniform rule**, and every classification shall be made by general law uniformly applicable in every county, city and town, and other unit of local government.

Uniformity Requirement

- Classification:
 - Exemptions must be the same state-wide
- Appraisal:
 - Valuation process must be the same for same class of property state-wide
- Tax Rates:
 - One rate for all property within taxing unit

WHAT PROPERTY IS TAXED IN NC?

- **105-274. Property subject to taxation.**

- (a) All property, real and personal, within the jurisdiction of the State shall be subject to taxation unless it is:
 - (1) Excluded from the tax base by a statute of statewide application enacted under the **classification** power accorded the General Assembly by Article V, § 2(2), of the North Carolina Constitution, or
 - (2) Exempted from taxation by the Constitution or by a statute of statewide application enacted under the authority granted the General Assembly by Article V, §2(3), of the North Carolina Constitution.

Registered Motor Vehicles

- Taxation tied to registration
- Now: 3 month lag
- 2013: pay tax when you register
 - H.B. 1779



“L.A.C.E.”

- **List**
- **Assess**
- **Collect**
- **Enforce**

List

- **January 1:** ownership, situs, value, taxability
- **Land:** Assessor – permanent listing
- **Personal Property & Buildings:** Taxpayer
- **Discovery:** 5 years

Uniform Appraisal Standard

“All property, real and personal, shall as far as practicable be appraised or valued at its true value in money.”

G.S. 105-283

True value = market value

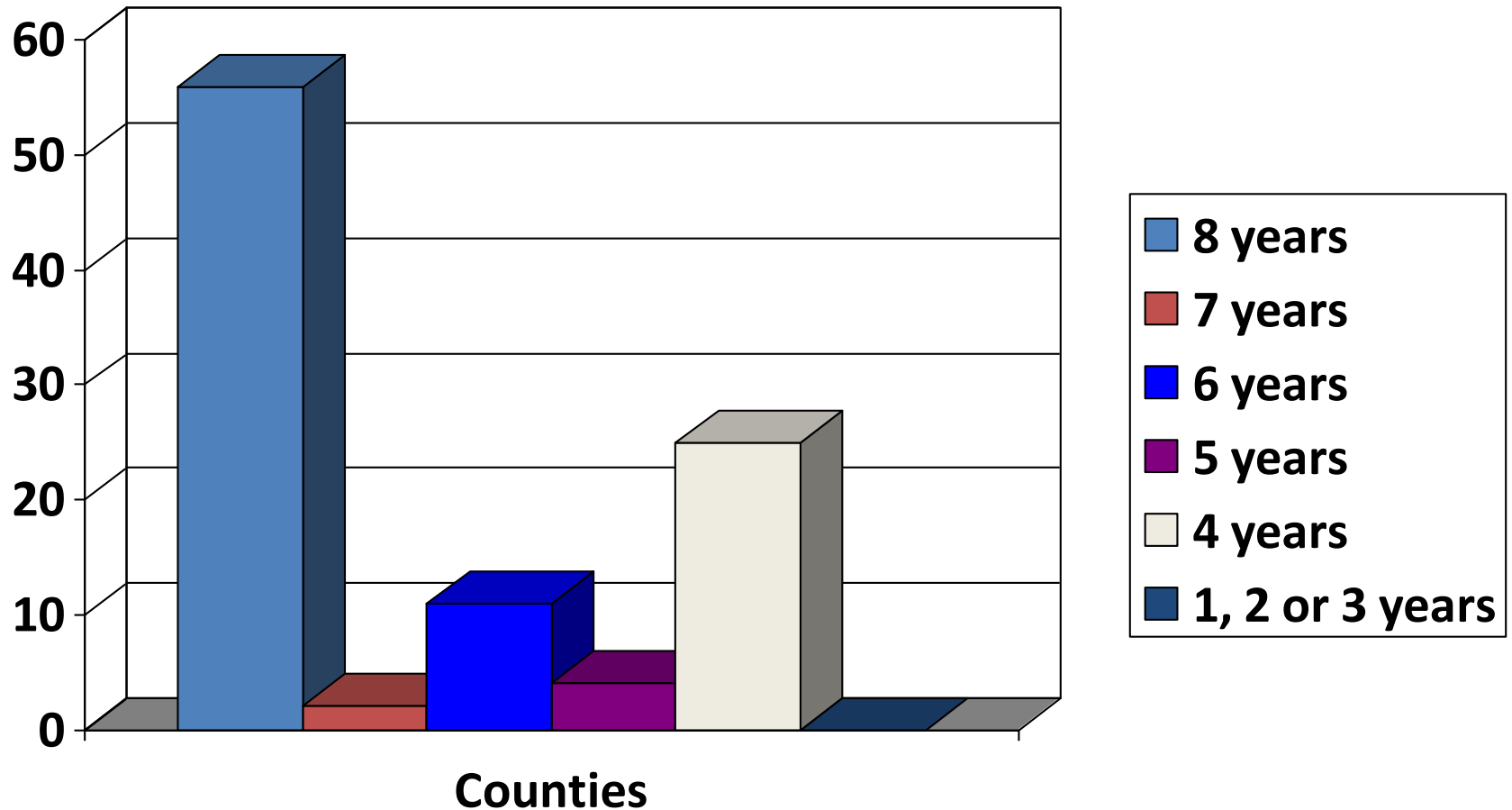
January 1

When do we reappraise property?

- Personal Property:
 - annually
- Real Property (land and buildings):
 - At least every 8 years

Revaluation Cycles Across N.C.

(source: Dept. of Revenue)



Changes to Real Property Tax Values **Between** Reappraisals

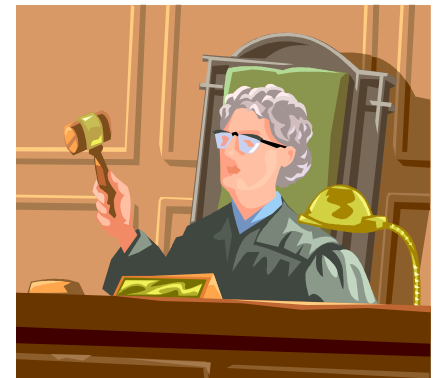
- Physical changes? Yes!!!!
 - New home
 - Addition to existing home
 - Destruction of existing home
- Changes in Economy/Market? No!!!!

Changes Between Reappraisals

- Carolina County reappraises 2010, 4 year cycle.
- In July 2011:
 - Tom's house destroyed by fire.
 - Susan makes \$100,000 addition.
 - Bob's sells house for \$300,000. House was appraised in 2010 at \$400,000.

ASSESSMENT APPEALS

- Assessor (*informal*)
- Bd of Equalization and Review
- Property Tax Commission (*taxpayer only*)
- NC Court of Appeals
- NC Supreme Court (*maybe*)



Collection & Enforcement

PROPERTY TAX RATES

- Expressed as “tax owed per \$100 of assessed property value”
- How to calculate tax owed?
 - Divide assessed property value by 100
 - Multiply result by tax rate
- Tax Rate of .25, property value \$200,000?
 - $\$200,000 / 100 = \$2,000$
 - $\$2,000 \times .25 = \500 property tax bill

COUNTY PROPERTY TAX RATES 2009

- Average: .63
- Highest: 1.02 (*Scotland*)
- Lowest: .23 (*Carteret*)
- *Lowest 10 all from where???*

Source: NC Association of County Commissioners

Revenue-Neutral Tax Rate

- Why does it exist?
- When must it be calculated?
- “Normally” lower or higher than existing rate?
- Must it be adopted?
- Guaranteed not to increase tax bills?

SHOW ME THE MONEY!

2011 PROPERTY TAX COLLECTION DATES

- January 1, 2011: listing date
taxability, ownership, value
tax lien attaches to real property
- September 1, 2011: taxes due
discounts end
statute of limitations triggered
- January 6, 2012: taxes are delinquent
interest begins to accrue
enforcement remedies may begin

SHOW ME THE MONEY!

ENFORCED COLLECTION REMEDIES

- Attachment
- Garnishment
- Foreclosure
- Set-off Debt Collection
- Levy (Seizure and Sale)

Rule #1:

Don't take anything you need to feed!!



REFUNDS AND RELEASES

WHEN ARE THEY LAWFUL?

G.S.105-381

When the tax is...

1. Imposed through clerical error

2. Illegal

5-year limit on refunds

